

# **State Property and Buildings Commission Minutes**

**April 18, 2005**

The State Property and Buildings Commission was called to order on Monday, April 18, 2005 at 10:30 a.m. in Room 264 of the Capitol Annex by Robbie Rudolph, Chairman. Members present were Mike Adams, proxy for Governor Ernie Fletcher; Ryan Watts, proxy for Lt. Governor Stephen B. Pence; Warren Nash; proxy for Marvin E. Strong, Secretary, Cabinet for Economic Development; and Bonnie Howell, proxy for Attorney General Greg Stumbo.

Secretary Rudolph verified with Commission staff that a quorum was present and that the press had been notified of the meeting. Secretary Rudolph introduced the first item of business, which was approval of the minutes of the March 28, 2005 meeting. A motion was made by Mr. Nash and seconded by Ms. Howell to accept the minutes of the March 28, 2005 meeting. Motion **CARRIED**.

Secretary Rudolph introduced Resolution 2005-08:

## **RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY APPROVING THE ISSUANCE OF KENTUCKY ASSET/LIABILITY COMMISSION PROJECT NOTES, 2005 GENERAL FUND FIRST SERIES IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$90,000,000 FOR THE PURPOSE OF PROVIDING FINANCING FOR AN AUTHORIZED PROJECT.**

F. Thomas Howard, Acting Executive Director, informed the Commission members that Resolution 2005-08 approved financing for Phase II Tobacco Settlement payments to tobacco farmers authorized by House Bill 267 of the 2005 Regular Session of the General Assembly. Mr. Howard indicated that the 2005 General Fund Project Notes were structured as both fixed and variable rate transactions to ensure compliance with various tax requirements that could arise out of the return of principal through the assignment by the farmers in the event that the North Carolina Supreme Court overturned a lower court ruling. Mr. Howard indicated that this financing was approved by the Kentucky Asset/Liability Commission in a meeting held just prior to this meeting.

A motion was made by Ms. Howell and seconded by Mr. Nash to adopt Resolution 2005-08 approving the issuance of Kentucky Asset/Liability Commission Project Notes, 2005 General Fund First Series in an aggregate principal amount not to exceed \$90,000,000. Motion carried and Resolution 2005-08 was **ADOPTED**

Secretary Rudolph introduced Resolution 2005-09:

## **RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY APPROVING THE ISSUANCE OF KENTUCKY ASSET/LIABILITY COMMISSION PROJECT NOTES, 2005 FEDERAL HIGHWAY FUND**

**FIRST SERIES IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$155,000,000 FOR THE PURPOSE OF PROVIDING FINANCING FOR AN AUTHORIZED PROJECT.**

Mr. Howard informed the Commission members that Resolution 2005-09 approved the issuance of Kentucky Asset/Liability Commission Project Notes, 2005 Federal Highway Fund First Series in an aggregate principal amount not to exceed \$155,000,000. Mr. Howard stated the purpose of these Project Notes was to provide financing for specific federally funded interstate projects in the Commonwealth. Mr. Howard continued that Resolution 2005-09 is the first resolution of its type to be implemented in Kentucky to provide financing through the issuance of Federal Fund supported Grant Anticipation Revenue Vehicle (“GARVEE”) Notes. Mr. Howard stated that the Federal Highway Administration has encouraged other states to use this type of financing vehicle for Transportation projects. Mr. Howard indicated that this project was approved by Resolution by the Kentucky Asset/Liability Commission in an earlier meeting on this date.

Mr. Nash asked if the Federal Government would be paying the debt service on the projects and what would happen if the money was not available, for instance, in year five? Mr. Howard indicated that the Federal Government had agreed to pay the debt service and if no funds were available then the Commonwealth would be in default. He further indicated that the funds promised by the Federal Government were the only source of revenue pledged for the repayment of the obligations. Mr. Howard noted that Kentucky receives about \$550 million annually in Federal highway funds that would be pledged to the obligation and the debt service.

Secretary Rudolph asked if the Federal Government pledged to the bondholders that they would repay the obligation. Mr. Howard stated that the Federal Highway Administration would enter into an agreement with the Kentucky Transportation Cabinet to reimburse them for the debt service on the projects. Mr. Howard indicated that the Notes would be sold to generate the proceeds to build the projects. He continued that rather than advancing funds in the future against the projects, the Federal Government has agreed to pay the debt service associated with the projects.

A motion was made by Ms. Howell and seconded by Mr. Watts to adopt Resolution 2005-09 approving the issuance of Kentucky Asset/Liability Commission Project Notes, 2005 Federal Highway Fund First Series in an aggregate principal amount not to exceed \$155,000,000. Motion carried and Resolution 2005-09 was **ADOPTED**.

Secretary Rudolph introduced Resolution 2005-10:

**RESOLUTION OF THE STATE PROPERTY AND BUILDINGS COMMISSION OF THE COMMONWEALTH OF KENTUCKY APPROVING THE ISSUANCE OF KENTUCKY ASSET/LIABILITY COMMISSION TAXABLE PROJECT NOTES, 2005 AGENCY FUND FIRST SERIES IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$15,000,000 FOR THE PURPOSE OF FINANCING FOR AN AUTHORIZED PROJECT.**

Mr. Howard indicated that Resolution 2005-10 approved funding for the Bluegrass Station projected which was authorized in House Bill 215 during the 2005 Regular Session. Mr. Howard stated that proceeds from this Note issuance would be used to build an aircraft maintenance facility for use by the Federal Government. Mr. Howard indicated that the project is taxable based upon the Federal lease. Mr. Howard stated this project was approved by the Kentucky Asset/Liability Commission in a meeting held just prior to this meeting.

A motion was made by Mr. Nash and seconded by Mr. Adams to adopt Resolution 2005-10 approving the issuance of Kentucky Asset/Liability Commission Taxable Project Notes, 2005 Agency Fund First Series in an aggregate principal amount not to exceed \$15,000,000. Motion carried and Resolution 2005-10 was **ADOPTED**.

With no further business before the Commission, a motion was made by Ms. Howell and seconded by Mr. Nash to adjourn the meeting.

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Secretary  
State Property and Buildings Commission